



Public Service Commission of Wisconsin

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For Immediate Release – November 23, 2004
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PSC Sets New Electric and Gas Rates for WPS

MADISON - Today, the Public Service Commission reviewed Wisconsin Public Service Corporation's (WPS) request for an increase in electric and natural gas rates due to increased fuel expenses and costs related to construction of the Weston Unit 4 power plant.

In a verbal decision, the Commission reduced the request made by WPS and approved an estimated 7.0 percent increase in residential electric rates and approximately a 1.0 percent increase in natural gas rates for residential customers. Based on a typical average electric residential bill of \$58.60, the increase would be approximately \$4.10 more per month for residential customers.

The Commission found savings by allowing rate recovery only for employee incentive programs that directly benefited ratepayers and by making adjustments to construction costs. In addition, the Commission approved a slightly lower rate of return for stakeholders, at 11.5 percent instead of the 12.0 percent requested by WPS.

The Commission made maintaining reasonable rates a priority as part of their Strategic Energy Assessment process this summer. Wisconsin is entering a construction phase, including building the new Weston power plant, in order to increase reliability for all consumers. In the decision today, the Commission indicated plans to look closely at how to best balance increasing fuel costs and the need for reliable energy sources, along with minimizing any rates increases.

Also in today's decision, the Commission gave the directive to WPS to collaborate with commercial and industrial consumers to increase energy-efficiency and reduce demand.

WPS filed an application in April 2004 requesting an overall 9.8 percent increase in electric operations and a 4.5 percent increase for natural gas operations. Today's verbal decision granted an estimated overall increase in electric operations of 8.4 percent, with an estimated 1.1 percent overall increase in natural gas operations. The written order will finalize the rates granted in today's decision. PSC staff is expected to complete the written order by the end of the year.

A technical hearing was held on September 29th in Madison, while public hearings were held October 5th in Madison and Green Bay regarding WPS' application. The testimony provided at the hearings became part of the record developed for the Commission to review as it considered all the aspects of the application.

In making its decision, the Commission had the option to approve the application as submitted, modify the request or deny the application.

The documents associated with WPS' application can be viewed on our Electronic Regulatory Filing System at <http://psc.wi.gov>. Click on ERF System, select Search Electronic Document Repository and enter docket number 6690-UR-116.

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